

## Message Text

LIMITED OFFICIAL USE

PAGE 01 RANGOO 00846 101213 Z

50

ACTION EA-14

INFO OCT-01 ADP-00 EB-11 INT-08 INRE-00 CIAE-00 DODE-00

PM-09 H-02 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SS-15 USIA-12 SCEM-02 COME-00 TRSE-00 OEP-01

EUR-25 FPC-01 FTC-01 OPIC-12 XMB-07 CIEP-02 SIL-01

LAB-06 OMB-01 RSR-01 /160 W  
----- 026378

P R 101123 Z APR 73

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC PRIORITY 6644

INFO AMEMBASSY BANGKOK

AMEMBASSY BONN

AMEMBASSY JAKARTA

AMEMBASSY TOKYO

AMEMBASSY SINGAPORE

LIMITED OFFICIAL USE RANGOON 0846

E. O. 11652: N/ A

TAGS: EMIN BM

SUBJECT: BURMESE GOVERNMENT'S NEW OIL POLICY

1. MINISTER OF PLANNING AND FINANCE U LWIN CALLED ME IN APRIL 10 TO INFORM ME THAT THE GOVERNMENT OF BURMA IS ADOPTING NEW POLICY FOR DEVELOPMENT OF OFF- SHORE OIL, WHICH INFLUENCED BY INDONESIAN EXPERIENCE. BURMESE WATERS ARE TO BE DIVIDED INTO THREE AREAS, EACH OF 12,000 SQUARE MILES, TO BE ALLOCATED TO THE US, TO JAPAN AND TO WEST GERMANY. ONLY ONE COMPANY OR PARTY FROM EACH COUNTRY WILL BE ALLOWED TO EXPLORE IN THE AREA ALLOTTED TO THAT COUNTRY. THE COMPANIES SELECTED WILL BE COMPLETELY IN THE HANDS OF GUB.

2. UNDER THE " SERVICE CONTRACT" THE COMPANY FROM THE US, FOR EXAMPLE, WOULD BE GIVEN FREE HAND TO EXPLORE IN THE ENTIRE AREA ALLOCATED TO THE US. IF IT DISCOVERED OIL, 20 PERCENT OF THIS  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 RANGOO 00846 101213 Z

AREA WOULD BE ALLOCATED TO THE COMPANY TO CARRY ON DEVELOPMENT AND PRODUCTION. WHEN IT STARTED TO PRODUCE OIL, 40 PERCENT WOULD GO TO THE COMPANY IN REPAYMENT FOR THE EXPENSES INCURRED BY THE COMPANY ( U LWIN REFERRED TO THIS AS THE " DEBT" TO THE COMPANY). THIS 40 PERCENT COULD BE PAID EITHER IN CASH TO THE COMPANY OR IN KIND ( OIL). PART OF THE REMAINING 60 PERCENT WOULD ALSO GO TO THE COMPANY BYT U LWIN WAS NOT SURE HOW MUCH OR UNDER WHAT CIRCUMSTANCES. PRICE OF THE OIL WOULD HAVE TO HE NEGOTIATED AT THE TIME.

3. U LWIN SAID THAT THE SERVICE CONTRACT FORMS SHOULD BE READY FOR DISTRIBUTION ON APRIL 17. HE STRESSED THAT HE WAS JUST GIVING ME A GENERAL OUTLINE AND DETAILS WOULD BECOME CLEAR WHEN SERVICE CONTRACTS BECOME AVAILABLE. HE SAID THAT INQUIRING AMERICAN OIL COMPANIES SHOULD BE REFERRED TO THE MINISTRY OF MINES.

4. U LWIN ACKNOWLEDGED THAT A PROBLEM FOR THE US, WHICH HAS NO GOVERNMENT OIL COMPANY WOULD BE TO DETERMINE WHICH COMPANY WOULD HAVE THE RIGHT TO EXPLORE IN THE US AREA. OF COURSE SEVERAL AMERICAN COMPANIES COULD JOIN TOGETHER SO LONG AS THERE WAS JUST ONE PARTY FOR THE AMERICAN AREA WITH WHICH THE BURMESE GOVERNMENT COULD DEAL.

5. U LWIN TOLD ME THAT HE WAS VERY MUCH RELIEVED THAT HIS GOVERNMENT HAD MADE THIS DECISION. PREVIOUSLY GUB HAD INSISTED THAT ALL FINANCING FOR DEVELOPMENT PURPOSES COME FROM GOVERNMENTS, E. G. READING AND BATES DRILLING COMPANY FINANCED BY UNTIED JAPANESE LOAN. UNDER THE NEW POLICY, HOWEVER, GUB WOULD IN EFFECT BE GETTING LOANS FROM THE PRIVATE COMPANIES EXPLORING AND PRODUCING UNDER THE " SERVICE CONTRACTS".

6. U LWIN MENTIONED THAT TWO OR THREE AMERICAN OIL COMPANIES HAD PERFORMED SERVICES FOR THE BURMESE GOVERNMENT IMPLYING THAT THEY MAY HAVE INSIDE TRACK. HOWEVER THE WHOLE QUESTION OF WHICH COMPANY OR GROUP OF COMPANIES WOULD BE SELECTED FOR THE AMERICAN AREA OR HOW THEY WOULD BE SELECTED IS AS YET BY NO MEANS CLEAR.

7. EMBASSY WILL COMMENT BY SEPTTEL ON IMPLICATIONS OF THIS FAR- REACHING CHANGE IN GUB OIL POLICY.  
MARTIN  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 RANGOO 00846 101213 Z

LIMITED OFFICIAL USE

\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 APR 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973RANGOO00846  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** n/a  
**Errors:** n/a  
**Film Number:** n/a  
**From:** RANGOON  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1973/newtext/t19730438/aaaahzfo.tel  
**Line Count:** 118  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** boyleja  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 06 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <06-Aug-2001 by shawdg>; APPROVED <06-Sep-2001 by boyleja>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** <DBA CORRECTED> gwr 971215  
**Subject:** BURMESE GOVERNMENT' S NEW OIL POLICY  
**TAGS:** EMIN, BM  
**To:** BANGKOK  
BONN  
EA  
JAKARTA  
SECSTATE WASHDC  
SINGAPORE  
TOKYO

**Type:** TE

**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005